

Message Text

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ACTION AID-59

INFO OCT-01 AF-10 ISO-00 AGRE-00 EB-08 IGA-02 L-03
OMB-01 TRSE-00 CIAE-00 INR-07 NSAE-00 SSO-00
INRE-00 COME-00 SS-15 SP-02 /108 W
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FM AMEMBASSY KINSHASA
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DEPT PASS USDA/OGSM

E.O. 11652: N/A
TAGS: EAGR, EAID, CG
SUBJECT: FY-78 COMMODITY ALLOCATIONS

REF: A) KINSHASA 12048, B) KINSHASA 9691, C) STATE 288697

1. REF B WAS COUNTRY TEAM RECOMMENDATION FOR FY-78 TITLE I PROGRAM. REF C GAVE AUTHORIZED COMMODITY LEVELS UPON WHICH WE COULD OPEN FY-78 NEGOTIATIONS. IN REF C ZAIRE WAS ALLOCATED ONLY 10,000 MT OF RICE DESPITE OUR REQUEST FOR 30,000 MT AND 10,000 BALES OF COTTON DESPITE OUR REQUEST FOR 20,000 BALES. REF A REPORTED GOZ LETTER TO EMBASSY REQUESTING 50,000 MT OF RICE IN FY-78. THEREIN WE COMMENTED THAT THIS GOZ REQUEST CONSTITUTED SUPPORT FOR OUR ORIGINAL RECOMMENDATION FOR 30,000 MT, BUT WE WOULD COMMENT LATER ON ADDITIONAL 20,000 MT.

2. COUNTRY TEAM AGAIN RECOMMENDS OUR ORIGINAL 30,000 MT REQUEST. THIS SHOULD BE MINIMUM LEVEL PROGRAMMED FOR FY-78.

3. AS OF NOW COUNTRY TEAM PREFERS TO ASSESS IN LATE SPRING NEED FOR ADDITIONAL 20,000 MT REQUESTED BY GOZ. BY THEN WE SHOULD HAVE BETTER UNDERSTANDING OF HARVEST, YIELD AND MARKETING SITU-
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ATION. WE INTEND THAT OUR EFFORTS ONLY SUPPLEMENT DOMESTIC PRODUCTION SHORTFALLS.

4. IF BUDGETARY CONSIDERATIONS ARE CONSTRAINING FACTOR, WE ARE PREPARED TO RECOMMEND TO GOZ THAT 5,000 MT CORN ALLOCATION BE DROPPED AND THESE MONIES USED TO INCREASE RICE ALLOCATION. IN TERMS OF THE NEEDY POPULATION'S FOOD REQUIREMENTS, RICE IS

SECOND ONLY TO MANIOC AS A BASIC FOODSTUFF.

5. WE CONSIDER IT IMPORTANT THAT THE PROGRAMMED LEVEL SUPPORT MARKET STABILITY. DURING THE FALL AND WINTER 1976/77 U. . RICE SOLD FOR 22 TO 25 ZAIRES (\$25.75-\$29.25) PER 45 KILO BAG. LOCAL RICE PRICES CONTINUED AT A REASONABLE LEVEL THROUGH THE SPRING OF 1977. AS PL-480 RICE WAS CONSUMED AND LOCAL RICE SUPPLY WAS LARGELY EXHAUSTED, PRICES BEGAN TO RISE SHARPLY. BY NOV/DEC LOCAL RETAIL RICE PRICES WERE 80 TO 100 ZAIRES (\$96.00-\$120.00) PER 45 KILO BAG.

6. IN LATE DECEMBER THE FIRST OF THE FY-77 PL-480 RICE SHIPMENTS REACHED THE RETAIL OUTLEST AND ARE SELLING FOR 4.00 ZAIRES (\$4.80) PER SIX KILO SACK IN ONE MAJOR CHAIN AND 3.50 ZAIRES (\$4.20) PER FIVE KILO SACK IN ANOTHER. THE ABOVE PRICES TRANS- LATE INTO APPROXIMATELY \$40.00 PER 45 KILO BAG, ALTHOUGH SOME RICE IS BEING SOLD TO CONSUMERS AT A HIGHER PRICE--PARTICULARLY AFTER THE RICE LEAVES THE FIRST RETAIL SALES POINT. GIVEN THE LOCAL SALES AND DISTRIBUTION SYSTEM, IT IS NOT UNCOMMON FOR COMMODITIES TO BE SOLD SEVERAL TIMES BEFORE REACHING THE ULTIMATE CONSUMER. NEVERTHELESS, THE NET EFFECT OF THE PL-480 RICE HAS BEEN TO MAKE AVAILABLE TO CONSUMERS RICE AT A MORE REASONABLE RETAIL PRICE. CONTINUED AVAIL- ABILITY OF PL-480 OR OTHER IMPORTED RICE TO MEET THE PRODUCTION DEFICIT IS ESSENTIAL IF PRICES ARE TO BE MAINTAINED AT A REASONABLE LEVEL.
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7. THE COUNTRY TEAM'S RECOMMENDATION FOR 20,000 BALES OF COTTON REMAINS VALID. THE COMMERCIAL DIRECTOR OF THE NATIONAL COTTON OFFICE HAS CALLED THE AGRICULTURAL ATTACHE EVERY WEEK FOR THE LAST SIX WEEKS ASKING WHEN, OR IF, THE 10,000 BALE ALLOCATION WILL BE INCREASED.
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Disposition Approved on Date:
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